

COASTAL CONSERVANCY

Staff Recommendation

April 27, 2006

WILDLAKE RANCH ACQUISITION

File No. 06-027

Project Manager: Melanie Denninger

RECOMMENDED ACTION: Authorization to disburse up to \$2,000,000 to the Land Trust of Napa County toward acquisition of the 3,045-acre Wildlake Ranch in Napa County.

LOCATION: East of Calistoga and northwest of Angwin in the Eastern Mountains in unincorporated Napa County (Exhibit 1)

PROGRAM CATEGORY: San Francisco Bay Conservancy

EXHIBITS

Exhibit 1: Project Location and Site Map

Exhibit 2: Parcel Map

Exhibit 3: Photographs

Exhibit 4: The Nature Conservancy's Conservation Map

Exhibit 5: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed two million dollars (\$2,000,000) to the Land Trust of Napa County (“the Land Trust”) toward its acquisition of the approximately 3,045-acre Wildlake Ranch, Napa County Assessor Parcel Numbers 018-030-011; 018-040-004, -005, -007, -010 through -016, and -022; 018-060-002, -003, -006 through -008, -015, -027, -030, -034, -035, -049, and -064; and 021-010-008 (Exhibit 2). This authorization is subject to the following conditions:

1. Prior to the disbursement of funds for acquisition, the Land Trust shall submit for the review and approval of the Executive Officer of the Conservancy (“the Executive Officer”):

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- a. All relevant acquisition documents, including but not limited to the appraisal, environmental assessments, agreement of purchase and sale, escrow instructions, title reports, and documents of title necessary to the acquisition of the Wildlake Ranch property.
 - b. Any agreement that would allow the seller to use or maintain the property following its acquisition by the Land Trust.
 - c. A Wildlake Ranch Stewardship Plan, budget and schedule which shall describe the actions that the Land Trust shall take annually to monitor and maintain existing Wildlake Ranch natural resources and shall also describe any natural resource-compatible public access proposed for the property.
 - d. Evidence that sufficient funds other than Conservancy funds are available to complete the acquisition and provide stewardship.
2. The Land Trust shall dedicate a portion of the property proportionate to the Conservancy's contribution and approved by the Executive Officer for habitat preservation and restoration, protection of natural areas, and public access and nature study compatible with those habitat and natural resource purposes, consistent with Public Resources Code Section 31116(b).
 3. The Land Trust shall manage and maintain the property in accordance with a Wildlake Ranch Stewardship Plan reviewed and approved by the Executive Officer.
 4. The Land Trust shall pay no more than fair market value for the property.
 5. Any future transfer of this property or of any interest in the property shall be subject to the prior written approval of the Executive Officer. Any funds generated from such a transfer in excess of the grantee's costs, up to the total amount disbursed pursuant to this authorization, shall be repaid to the Conservancy proportionately, based on all contributions to the acquisition.
 6. The Land Trust shall acknowledge Conservancy funding by erecting and maintaining on the Wildlake Ranch property a sign that has been reviewed and approved by the Executive Officer.

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with the purposes and objectives of the San Francisco Bay Area Conservancy Program, Chapter 4.5 of Division 21 of the Public Resources Code 31160-31165.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.

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3. The Land Trust of Napa County is a nonprofit organization existing under provisions of U.S. Internal Revenue Code Section 501(c)(3), and whose purposes are consistent with Division 21 of the Public Resources Code.

PROJECT SUMMARY:

Staff recommends authorization to disburse up to \$2,000,000 to the Land Trust of Napa County (the Land Trust) toward the estimated \$18.8 million cost of acquiring the 4-mile long, 3,045-acre Wildlake Ranch property in the Eastern Mountains in northwestern Napa County. (Exhibit 1). The balance of acquisition funding, along with additional monies for stewardship and administrative costs, are being raised by the Land Trust from private sources.

Acquisition of Wildlake Ranch is a priority for Conservancy assistance because it is a large, scenic, biologically rich and diverse, strategically located property that is threatened by development. The sprawling ranch climbs eastward up the slopes of the Eastern Mountains from an elevation of approximately 600 feet near the floor of the Napa Valley to over 2,800 feet at the summit of Three Peaks, and down into remote canyons, encompassing the upper reaches of three major watersheds and dominating the landscape east of Calistoga. (Exhibit 3, photo 1.) Its rugged landscape supports over a dozen different types of vegetation communities, and at least two state-listed rare plants. Wild Lake, a 4-acre impoundment, adds to the habitat diversity.

A 2003 study of Napa County conducted by The Nature Conservancy (TNC) in cooperation with the Land Trust identified Wildlake Ranch as a “core conservation area” by virtue of its natural resources and connectivity with other protected areas (Exhibit 4). The property also presents great potential for trails that could extend some 15 miles from the southern end of Wildlake Ranch to the northern end of Robert Louis Stevenson State Park (Exhibit 1).

The Land Trust has entered into a six-month purchase and sale agreement with the owners of Wildlake Ranch and has made promising progress on assembling acquisition and stewardship funding from foundations and local private donors. Should the Land Trust be unable to complete the acquisition by July 15, 2006, the seller, Wildlake Ranch, Inc., reports its intention to accept a back-up offer proposed by a party whose stated purpose is to subdivide the property—which comprises 18 legal parcels—for vineyard development and estate homesites.

Formed in 1976, the Land Trust is a privately-supported nonprofit organization with over 1,600 members dedicated to protecting the County’s most important open space and agricultural lands. Its small staff has participated in permanently protecting nearly 46,000 acres, of which over 20,000 acres are covered by conservation easements. The staff and volunteers monitor the conditions on their properties, conduct frequent public hikes, and provide environmental education for local schoolchildren. Acquisition of Wildlake Ranch is consistent with the resource protection goals of the Land Trusts “Conservation Vision 2010: A Map to the Future,” a strategic plan prepared with Conservancy assistance, though the purchase will require raising more capital funds than the plan anticipated.

The Land Trust will prepare a stewardship plan for the review and approval by the Executive Officer prior to disbursement of the proposed Conservancy acquisition funds. Following acquisition, the Land Trust will provide stewardship in accordance with the approved

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stewardship plan, taking actions as needed to address any threats to natural functions, and facilitating such public access as may be provided for in the plan.

In order to help mesh the fiduciary responsibilities of the Conservancy with the administrative and fiduciary needs of the Land Trust and two foundations providing funding (see “Project Financing” below), the Conservancy’s funding will be attributed to a cluster of parcels within the property with a fair market value of not less than \$2 million. Staff is working with the Land Trust to identify the appropriate group of parcels.

Over the long-term, the Land Trust hopes to transfer title and management to the State Department of Parks and Recreation. The Land Trust has discussed the matter with State Parks, but no understanding has been reached to date. Another option for long-term management for both ecological values and for compatible public uses may be the open space district which Napa County is actively planning; however the earliest that the proposed open space district could take on management of Wildlake Ranch would be late 2008.

In the interim, the Land Trust is budgeting to provide the stewardship described above and is negotiating an agreement that would provide the seller with limited use of the property for deer-hunting—the principal use of the property for the past 30 years--and would obligate it to maintain the unpaved roads and remove personal property during the term of the agreement. The limited-use agreement and a stewardship plan will be among the documents subject to review and approval by the Conservancy’s Executive Officer prior to disbursement of funds for acquisition.

Site Description:

The 3,045-acre Wildlake Ranch is located in the Howell Mountain area—home of the prestigious Howell Mountain wine appellation--east of Calistoga, at the northern end of the Napa Valley. (Exhibit 1.) Under the County General Plan, Wildlake Ranch could yield 18 legal parcels for estate housing, for which there is strong demand. The property also has about 250 acres suitable for vineyard development.

Uses immediately adjacent to Wildlake Ranch include private estates and vineyards, the unincorporated town of Angwin, a nature reserve, and “school lands” held in trust by the State Lands Commission and previously leased to the Department of Fish and Game. The school lands to the north connect Wildlake Ranch to Robert Louis Stevenson State Park. Together, this dramatic swath of land, spanning the entire eastern horizon of the northern Napa Valley, represents over 15 miles of undeveloped landscape. With a conservation acquisition of Wildlake Ranch, it will become by far the largest contiguous protected landscape within the Napa Valley.

With its five perennial springs, three major creeks, abundant wildlife, and high-quality obsidian outcrops, the Wildlake Ranch vicinity was once home to Native Americans. Obsidian flakes, grinding stones, and other artifacts of Native American use have been found on the property. After World War II, Douglas fir was logged on a portion of the property. Cattle were grazed on the property in the late 1960s, but have not be present since at least 1977 when the property was bought to serve as a hunting club. Vineyards are the principal agricultural use in the immediate surroundings of the ranch.

Since 1977, Wildlake Ranch has been owned by a group of individuals whose principle use of the property has been deer hunting, with an associated two-acre “camp” of trailers, a pump

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house, a deer processing shed, and small cabin. Several impoundments have created a series of small lakes—including the 4-acre Wild Lake—in the Bell Creek watershed in the southeastern quadrant of the property. This watershed provides the municipal water supply for the town of St. Helena.

Wildlake Ranch appears relatively untouched. The beautiful, rugged landscape reaches from 600 feet to 2,800 feet above sea level and supports over a dozen native plant communities. Some of the sensitive communities present include riparian and freshwater wetlands, serpentine grassland and chaparral, Oregon white oak woodland and California bay woodland. The oak woodlands in the vicinity, and possibly on Wildlake Ranch, support special-status species such as Lewis' woodpecker, Lawrence's goldfinch, the endangered Clara Hunt's milk-vetch, serpentine dwarf flax, California beaked-rush, and Marin checkerbloom. Two state-listed rare plants, the Cobb Mountain lupine and the Sonoma penstemon, also have been found on the property.

In addition to its biological and water resource values, Wildlake Ranch is a stunning scenic and open space resource (Exhibit 3) and has great potential for passive recreation activities. From the floor of the Napa Valley at Calistoga, the ridgeline and west-facing slopes of the sprawling Wildlake Ranch dominate the view. From many vantage points on trails within Wildlake Ranch there are sweeping vistas of Napa Valley. Others trail segments provide more intimate experiences of the streams, woodlands, rock outcrops, and small lakes within. An unpaved road that could be converted to a trail loops through property and could be connected to Robert Louis Stevenson State Park via a link across the intervening school lands. Existing vehicular access to the property is from paved County roads, thence through private property on road easements.

Project History:

The Land Trust's effort to acquire Wildlake Ranch stems from the findings of two natural resource studies in which it was an active participant. The Nature Conservancy's January 2003 "Conserving the Landscapes of Napa County"—prepared with extensive contributions from the Land Trust—evaluated the biological and physical resources of the area, along with the existing array of protected, undeveloped, and developing properties. TNC concluded that the natural resource values and strategic location of the property warranted its designation as one of a handful of "core conservation areas" (Exhibit 4). Napa County's November 2005 "Baseline Data Report," with which the Land Trust also assisted—identified a mosaic of sensitive biotic communities in the mountains rising east of the Napa Valley, the region that includes the setting of Wildlake Ranch. The report notes that remaining undeveloped land in these mountains is essential as a north-south migratory route, and that "(t)he primary threat to the Eastern Mountains' biological resources is from rural residential development and vineyard conversion, which alters and fragments habitat for many species, and which influences stream hydrology through increased erosion."

Just this winter, the Land Trust and an authorized representative of Wildlake Ranch, Inc. began discussing a conservation transaction and were able to negotiate a purchase agreement, with the stipulation by the seller that escrow must close by July 15, 2006. If escrow has not closed by then, the seller has voiced the intention to accept a back-up offer from a local party who wishes to subdivide the property for estate housing and retain a portion for conversion to a vineyard. Both seem feasible under County regulations and policies and consistent with market demand.

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The Land Trust commissioned an appraisal to determine the fair market value of fee title and of an appurtenant road easement, contracted for preparation of a Phase I investigation regarding contaminants, and redirected a planned capital fundraising campaign to first obtain funds for acquisition of Wildlake Ranch and a cluster of contiguous private properties and to augment its stewardship capacity. Almost immediately, it obtained pledges of significant amounts from private individuals and encouragement from foundations. More detail about funding is provided below in the “Project Financing” section of this report. The Land Trust also requested that Conservancy staff shift to Wildlake Ranch the \$2 million that it had informally budgeted for another Land Trust acquisition that had become infeasible. Those funds are the subject of this staff recommendation.

The Land Trust has taken steps to determine the interest of State Parks in acquiring and managing Wildlake Ranch as an addition to Robert Louis Stevenson State Park at some time in the future. The discussions are taking place in the context of current staff and funding shortages and are not yet conclusive. Another aspect of the context of the Land Trust’s exploration with State Parks is that, over the past 20 years, the Land Trust has helped acquire key additions to Robert Louis Stevenson State Park. These additions have included Stevenson’s “Honeymoon Cottage” site, as well as the dramatic Palisades Trail and major portions of the Oathill Mine Trail that are now used by hikers and nature enthusiasts. The Land Trust’s additions comprise over 2,000 acres to date and have nearly doubled the size of the state park.

The school lands, which are contiguous and could serve as a link with the state park to the north (Exhibit 1) and provide additional habitat, are being investigated by the Land Trust. School lands are properties held in trust by the State for the benefit of public schools and managed by the State Lands Commission. According to the Land Trust, the school lands near Wildlake Ranch were acquired by the State prior to 1950. The Department of Fish and Game leased these school lands for public use for 10 years, starting in 1993. When the lease expired, budget constraints apparently led the Department to not renew the lease. Recent inquiries with the Lands Division of the State Lands Commission have found that there are no plans for the use of the properties, which are remote from roads and some very rugged terrain. Nevertheless, the Land Trust is trying to determine any need for further mechanisms to protect habitat on the school lands, enable future public access across those lying between Wildlake Ranch and the state park, and prevent any possible future uses incompatible with protection of natural resources on the Wildlake Ranch.

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PROJECT FINANCING:

Estimated Acquisition Budget

Purchase Price	\$18,750,000
Transaction Costs	<u>250,000</u>
	\$19,000,000

Proposed Acquisition Cost Allocation

Coastal Conservancy (Prop. 40)	\$ 2,000,000
Proposed Foundation Grant*	5,000,000
Pledged by Donors To-Date	6,500,000
Balance Sought from Donors**	<u>5,500,000</u>
Total	\$19,000,000

* The Betty and Gordon Moore Foundation has expressed tentative interest in contributing up to \$5 million toward the acquisition.

It is scheduled to make a final decision in May.

**The Packard Foundation is considering a request from the Land Trust for a \$5 million low-interest bridge loan to be used in the event that insufficient funds are raised from private donors in time for the July 11, 2006 close of escrow.

The Land Trust is engaged in a fundraising campaign—Napa Valley Wild--for purchase and stewardship of Wildlake Ranch and adjacent real property, public education, construction of a nature center just west of the City of Napa, and ongoing operations. Since its creation in 1976, the Land Trust has successfully raised private funding for its stewardship, public education, and operations. Raising funding for capital purposes is a new venture, one that has quickly yielded promising results.

Conservancy funds for the acquisition are expected to derive from the San Francisco Bay Area Conservancy Program's appropriation from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). A provision of Proposition 40 (PRC Section 5096.650(b)(8)) allocates funds to the San Francisco Bay Area Conservancy Program for the acquisition and development of land, air, and water resources, in accordance with the statute creating the San Francisco Bay Area Conservancy Program. This project is consistent with Proposition 40 since it helps to implement goals specified in the statute creating the San Francisco Bay Area Conservancy Program (PRC Section 31162). Further detail is provided in the "Consistency with Conservancy's Enabling Legislation" section below.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project is consistent with the provisions of Chapter 4.5 of Division 21 of the Public Resources Code, Sections 31160-31165, which states that the Conservancy may award grants in the nine-county San Francisco Bay Area to help to achieve stated goals. Consistent with Section 31662(b), the proposed project will help "to protect, restore and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional

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importance.” The Wildlake Ranch acquisition will result in the protection of the sensitive biotic communities and species, watersheds, and scenic areas on the property. It will also protect a 4-mile north-south migratory corridor.

Section 31163(a) provides that “(a)ny acquisition of real property by the conservancy pursuant to this chapter shall be from willing sellers.” Consistent with this section, the sellers of the Wildlake Ranch property have freely entered into an arms’-length purchase/sale agreement with the Land Trust, a private nonprofit organization with no ability to force the transfer of title.

The Wildlake Ranch acquisition satisfies four of the criteria for determining project priority under 31163(d), since the project has the following characteristics: it serves a regional constituency in that the project will help preserve sensitive biotic communities and two State-listed rare plants, and also provides scenic resources; it can be complete within three months; it provides the opportunity to protect the natural and scenic resources on the property that would probably be lost if escrow does not close by July 15; and it includes matching funds.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 10 Objective A** of the Conservancy’s Strategic Plan, the proposed project will result in acquisition of 3,045 acres in three watersheds.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy’s statutory programs and purposes:** See the “Consistency with Conservancy’s Enabling Legislation” section above.
2. **Consistency with purposes of the funding source:** See the “Project Financing” section above.
3. **Support of the public:** The project has widespread support, including that of Congressman Mike Thompson, State Senator Wesley Chesbro, Assemblymember Noreen Evans, Napa County Supervisor Diane Dillon, Susan Harrison of the U.C. Davis Department of Environmental Science and Policy, the Napa Valley State Parks Association, and the International Mountain Bicycling Association.(Exhibit 5).
4. **Location:** The project is located in Napa County, within the jurisdiction of the San Francisco Bay Area Conservancy Program.
5. **Need:** The acquisition of the Wildlake Ranch might not happen without the Conservancy’s funding. The commitment of Conservancy funds will serve as a challenge to private donors and will also reduce the amount of private funding that has to be raised in the very short time before escrow must close.

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6. **Greater-than-local interest:** Acquisition of Wildlake Ranch will protect sensitive biotic communities, State-listed rare plant species, three watersheds, scenic viewsheds, and open space, all of greater-than-local interest.

Additional Criteria

7. **Urgency:** If the property is not acquired by July 11, the seller reports the intention to accept a back-up offer from a buyer who intends to convert 250 acres to a vineyard and subdivide the remaining property for estate housing, consistent with the County General Plan.
8. **Resolution of more than one issue:** The project will eliminate the threat of development; protect natural habitats, and protect three watersheds, including one that serves as the water supply for St. Helena.
9. **Leverage:** See the “Project Financing” section above.
10. **Conflict resolution:** The conservation acquisition of Wildlake Ranch will satisfy the wish of a substantial constituency in Napa to avoid compromising the scenic values and rural character of mountain slopes visible from the Napa Valley, while also providing fair market compensation to the seller.
12. **Readiness:** The Land Trust and the seller have negotiated a mutually-agreeable purchase agreement. At this writing, approximately two-thirds of the funds needed for acquisition have been pledged or tentatively allocated, and a fund-raising campaign is underway to obtain the balance.
15. **Cooperation:** Large foundations with conservation purposes are working with the Land Trust, which is seeking additional major funding from individual donors and the Conservancy.

COMPLIANCE WITH CEQA:

Land acquisition for the purpose of preserving the land in its natural condition and providing public access is categorically exempt from the California Environmental Quality Act (CEQA), under 14 Cal. Code of Regulations Section 15313, Acquisition of land for wildlife conservation purposes; and Section 15325, Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions. Consistent with the provisions of these sections, the purposes of the Wildlake Ranch acquisition are to preserve the sensitive biotic resources in their natural condition and to transfer ownership to a conservation organization, with future use restricted to natural resource protection and compatible public access.

Upon approval, staff will file a Notice of Exemption for this project.